STATE OF COLORADO

ANNUAL STATEMENT OF PROPERTY

2008 DECLARATION

RURAL TELEPHONE COMPANY

COLORADO DIVISION OF PROPERTY TAXATION
STATE ASSESSED PROPERTY SECTION
1313 SHERMAN STREET, ROOM 419
DENVER, COLORADO 80203
FAX: (303)866-4000

State Assessed Direct Numbers: Deb Myer 303-866-2682, Terry Phillips 303-866-2690,
E-mails: deb.myer@state.co.us, terry.phillips@state.co.us

DUE APRIL 1, 2008

Please make changes to label if needed

Type of State Assessed Company: TR
Rural Telephone Company

Company Name : ______________________

Federal Employer Identification Number: ______________________

Contact / Dept. : ______________________
(first) (last)

Street Address : ______________________
Unit / Suite # : ______________________
City, State, Zip : ______________________

Colorado Registered Agent
Name: ______________________
(first) (last)

State of Incorporation: ______________________
Year Colorado Operations Began: ______________________

Company Contact for this report:
Name: ______________________
(first) (last)
Title: ______________________
Phone: ______________________
Fax: ______________________
Email: ______________________

Tax agent contact for this report: (Note 1)
Name: ______________________
(first) (last)
Title: ______________________
Phone: ______________________
Fax: ______________________
Email: ______________________

DECLARATION

I declare under the penalty of perjury in the second degree that this statement, together with any accompanying exhibits or schedules, has been examined by me and, to the best of my knowledge, information, and belief, sets forth a full and complete list of all taxable property owned, in the possession or under the control of the reporting entity. I further declare that such property has been reasonable described with its value fairly represented, and that no attempt has been made to mislead the Property Tax Administrator as to its age, quality, or value.

(Signature) ______________________
(Name) ______________________
(Title) ______________________ (Date) ______________________

Note 1: If the reporting entity uses an agent to prepare or represent the reporting entity in matters related to this Annual Statement of Property, a letter of authorization signed by an officer of the reporting entity must be submitted as an addenda to this report.

GENERAL INSTRUCTIONS
ALL REQUESTED INFORMATION IS AS OF DECEMBER 31, 2008
THIS IS A CONFIDENTIAL DOCUMENT

This report with all attachments must be postmarked on or before April 1, 2008. Failure to file by April 1, 2008, results in a PENALTY OF $100 PER DAY, beginning April 2, 2008, unless an extension is granted. When an extension is granted, filing is due on or before April 23, 2008, and penalties start on April 24, 2008. The total penalty cannot exceed $3,000.

You must complete this report or an identical reproduction. Complete reports must include all requested information for all pages. The only exceptions are: Page 2, the additional documents requested must be filed by April 23, and Page 6, for non-publicly traded companies. Incomplete pages will be returned for completion. Failure to complete and return these pages within seven days will result in the commencement of a $100 per day penalty and a Best Information Available valuation. The total penalty cannot exceed $3,000.

The following documents MUST BE FILED IN ADDITION to this report if applicable to the parent or reporting company:

(a) Balance sheet, income statement, statement of retained earnings and statement of cash flows.
(b) SEC Form 10-Ks, and 10-Qs if other than December 31, fiscal year end.
(c) Annual Report to Share/Stockholders,
(d) Annual Report(s) to the following agencies / commissions if required:
    Federal Communications Commission
    Colorado Public Utilities Commission

State the exact nature of the business of the REPORTING COMPANY in the State of Colorado: Check those box as are applicable

[ ] Rural Telephone Services [ ] ISP Access Services [ ] Wirelss/Cellular Services [ ] Private Network Services [ ] Long Distance
[ ] Other (please explain) ____

What percentage of reporting company gross revenue for 2007 is ascribed to State and Federal subsidy payments? _______%

Describe any important changes which occurred during the previous calendar year such as major acquisitions, divestitures, write-offs and sales of major properties for both the REPORTING COMPANY and its ultimate Parent. Attach additional sheets as necessary:

Is the REPORTING COMPANY a proprietorship, partnership, S corporation, corporation, association, joint venture, other?

Is the REPORTING COMPANY a subsidiary of another corporation? Yes No

What is the NAME of the ultimate PARENT company? ______________________________

Are securities of either the REPORTING or PARENT companies publicly traded?

Common Stock	Yes	No	Preferred Stock	Yes	No
Bonds	Yes	No			

Tax Agents must have a current letter of agency on file with the Division for each company represented.

Colorado Annual Statement of Property - 2008 ______________________________
(Reporting Company Name)

INCOME STATEMENT - You must complete this page even if you attach an income statement and balance shee

ACCOUNT TITLE	Parent Company 2007	Reporting Company System 2007	2006	2005	2004	2003	
1 Operating Revenues							
2 Operating Expenses							
3 Depreciation and Amortization							
4 Operating income before taxes	0	0	0	0	0	0	
5 Income taxes on operating income							
6 **Net Operating Income**	0	0	0	0	0	0	
7 Total other income (deductions)							
8 Income taxes on non-operating income							
9 Interest expenses							
10 Income before extraordinary items							

SIX-YEAR REPORTING COMPANY SYSTEM NET OPERATING PROPERTY

ACCOUNT TITLE		31-Dec-07	31-Dec-06	31-Dec-05	31-Dec-04	31-Dec-03	31-Dec-02
Net Operating Property (Page 4, Line 15, Middle Column)							

BALANCE SHEET - You must complete this page even if you attach a copy of your income statement and balance sheet

ASSETS	Parent Company	Reporting Company System	Reporting Company Colorado
1 Historical Cost of Plant in Service			
2 Construction work in progress			
3 Intangibles (goodwill, acq adjustments, etc.)			
4 Other property and equipment			
5 Property under capital leases			
6 Inventories, materials and supplies (1)			
7 **Total Operating Property**	$ -	$ -	$ -
8 Accumulated depreciation and amortization			
9 **Net Operating Property (Line 7 - 8)**	$ -	$ -	$ -
10 Current Assets (less materials and supplies)			
11 Investments and other assets			
12 All other depreciation and amortization			
13 **Total Assets**	$ -	$ -	$ -
14 Contributions in aid of construction			

PROPERTY UNDER OPERATING LEASES			
15 Net book value of leased property	N/A		
16 Original cost of leased property	N/A		
17 Lease payment	N/A		
18 Average age of leased property	N/A		
19 Average remaining life of leased property	N/A		

LIABILITIES AND EQUITY			
20 Common stock and paid-in capital			N/A
21 Preferred stock			N/A
22 Retained earnings			N/A
23 Patronage Capital			N/A
24 Long-term debt due after one year			N/A
25 Long-term debt due within one year			N/A
26 Current and accrued liabilities			N/A
27 Total other liabilities			N/A
28 **Total Liabilities and Equity**	$ -	$ -	N/A

(1) Includes inventories held for resale, and materials and supplies held for consumption.

SCHEDULE OF LONG TERM DEBT - PARENT COMPANY

Rate of Debt	Maturity Date	Face Value	Outstanding Principal	Average Market Value Per $100	Market Value
TOTALS			$ -		$ -

Current Bond Rating: ____________ S&P: ____________ Moody's: ____________

Total outstanding principal should agree with page 4, line 24, column 1.

SCHEDULE OF LONG TERM DEBT - REPORTING COMPANY

Complete schedule if reporting company's debt is not included above.

Coupon Rate of Debt	Maturity Date	Face Value	Outstanding Principal	Market Market Value Per $100	Market Value
TOTALS			$ -		$ -

Current Bond Rating: ____________ S&P: ____________ Moody's: ____________

Total outstanding principal should agree with page 4, line 24, column 2.

If the bonds are publicly traded during the year please use the calendar year monthly average of outstanding bonds and their market values. If market value is derived by means other than listed quotation, explain how it was derived. Report all long term debt net of long term debt due within one year.

Attach additional sheets as necessary

NOT NECESSARY TO COMPLETE IF NON-PUBLICLY TRADED

SCHEDULE OF COMMON STOCK - PARENT COMPANY

Exchange ____________________ Symbol _______________

Month	High Price	Low Price
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
TOTALS	$ -	$ -
Sum of High and Low Totals		$ -
Average Price (Sum divided by 24)		$ -
Number of Shares Outstanding at 12-31-07		
Market Value (# shares outstanding x avg. price)		$ -

SCHEDULE OF PREFERRED STOCK - PARENT COMPANY

Issue	Number of Shares	Book Value	Average Price	Market Value
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
			TOTAL	$ -

If preferred stocks are publicly traded during the year, submit a schedule showing monthly average of outstanding stock and their related market prices.
If market value is derived by means other than listed quotations, explain how it was derived.
Attach additional sheets as necessary.

SCHEDULE OF COLORADO DEDUCTIONS FROM OPERATING PROPERTY

	COLORADO NET BOOK VALUE
1. Locally assessed property (note 1)	
2. Construction work in progress - **personal property portion only (note 2)**	
3. Licensed vehicles (note 3)	
4. Licensed special mobile machinery (SMM) (note 3)	
5. Inventories, materials and supplies (note 4)	
6. Other Property (note 5)	
	$ -

Notes

1. Only deductible if included in Operating Property Accounts (page 4) and documented on page 11.
2. Attach details including a schedule with project description, county location, and accumulated cost as of 12-31-07.
3. Licensed vehicles and/or SMM machinery MUST be included as operating property on page 4 to be deductible.
4. Includes inventories held for resale, and materials and supplies held for consumption.
5. Attach details, including a schedule with property or project description, historical cost, net book value as of 12-31-07, location, and your reason why it should be deducted from your value. **Otherwise, no deduction will be allowed.**

COLORADO AND SYSTEM-WIDE CUSTOMER COUNTS

2008: Year-End 2007	Colorado	System
Number of Customers		
Number or Percent Residential		
Number or Percent Commercial		

2008 Reporting Form for Dark Fiber located in Colorado

Route: ____________________ **County to County**

Type: ____________________ **Fiber / IRU**

FIBER CONDUITS IN SERVICE HAVING DARK FIBERS								
COLORADO COUNTY	ACQUISITION COST	NBV	ACCUMULATED DEPRECIATION (MAX AT 90%)	CONDUIT MILEAGE	FIBER MILES	LIT FIBER MILES	DARK FIBER MILES	PERCENTAGE DARK
Grand Total								

DARK FIBER: FIBER CONDUIT(S) THAT HAS NOT BEEN PLACED IN SERVICE SINCE CONSTRUCTION OR ACQUISITION							
COLORADO COUNTY	ACQUISITION COST	NBV		CONDUIT MILEAGE	FIBER MILES	LIT FIBER MILES	DARK FIBER MILES
Grand Total							

Total Acq. Cost All Fiber: ____________

Grand Total of Fiber acquisition costs. Total **must** match amount reported as Other Property on line 4 of page 4 of Annual Statement of Property (ASOP).

Dark Fiber Valuation Procedures and Reporting Form for State Assessed Fixed-Based and Rural Telephone Companies

To recognize obsolescence created by the existence of dark fiber, the Division of Property Taxation (DPT) will begin implementing a new standardized reporting page in its 2008 Annual Statement of Property (ASOP). The dark fiber reporting page must be completely filled out with supporting documentation along with the entire ASOP completed in its entirely for dark fiber obsolescence to be considered.

Procedures:

There are two types of dark fiber that the DPT will be considering for adjustment. This depends on whether the dark fiber(s) exist within a conduit that had fiber previously "lit" (in use) or if the dark fiber(s) were part of a conduit that was constructed new or acquired from another entity and has not been put into service at any time prior to or on the January 1, 2008, assessment date.

If you have any conduit routes that you have constructed or acquired that have been lit, you need to list the separately in the second or lower box of the Fiber Reporting Form above. The net book value of "never-used" fibers will be excluded from the cost approach and rate of return calculations prior to determining a final value.

Definitions:

Dark Fiber: "optical fiber infrastructure, cabling, or repeaters currently in place but not being used in the form of light pulses so the "dark" means no light pulses are being sent."

Fiber-Miles: The total miles of Colorado fiber conduit multiplied by the number of fibers in the conduit.

Pursuant to 39-3-118.5:

Non-Taxable Fiber Assets: If the entire conduit has never been used since being constructed or acquired by the present taxpayer, the conduit is not taxable.

Business Personal Property Exemption: For property tax years commencing on or after January 1, 1996, business personal property shall be exempt from the levy and collection of property tax until such business personal property is first used in the business after acquisition.

Attach additional sheets as needed.

Colorado Annual Statement of Property - 2008

____
(Reporting Company Name)

APPORTIONMENT TO COLORADO COUNTIES

County	Historic cost of operating property, less historical cost of Colorado deductions	Percent of Total Colo. property	County	Historic cost of operating property, less historical cost of Colorado deductions	Percent of Total Colo. property
Adams		0.0%	Kit Carson		0.0%
Alamosa		0.0%	La Plata		0.0%
Arapahoe		0.0%	Lake		0.0%
Archuleta		0.0%	Larimer		0.0%
Baca		0.0%	Las Animas		0.0%
Bent		0.0%	Lincoln		0.0%
Boulder		0.0%	Logan		0.0%
Broomfield		0.0%	Mesa		0.0%
Chaffee		0.0%	Mineral		0.0%
Cheyenne		0.0%	Moffat		0.0%
Clear Creek		0.0%	Montezuma		0.0%
Conejos		0.0%	Montrose		0.0%
Costilla		0.0%	Morgan		0.0%
Crowley		0.0%	Otero		0.0%
Custer		0.0%	Ouray		0.0%
Delta		0.0%	Park		0.0%
Denver		0.0%	Phillips		0.0%
Dolores		0.0%	Pitkin		0.0%
Douglas		0.0%	Prowers		0.0%
Eagle		0.0%	Pueblo		0.0%
El Paso		0.0%	Rio Blanco		0.0%
Elbert		0.0%	Rio Grande		0.0%
Fremont		0.0%	Routt		0.0%
Garfield		0.0%	Saguache		0.0%
Gilpin		0.0%	San Juan		0.0%
Grand		0.0%	San Miguel		0.0%
Gunnison		0.0%	Sedgwick		0.0%
Hinsdale		0.0%	Summit		0.0%
Huerfano		0.0%	Teller		0.0%
Jackson		0.0%	Washington		0.0%
Jefferson		0.0%	Weld		0.0%
Kiowa		0.0%	Yuma		0.0%
			TOTAL	$ -	0.0%

Colorado Annual Statement of Property - 2008

____
(Reporting Company Name)

COUNTY NAME - (Use a Separate Sheet for Each County)

SCHEDULE OF **STATE ASSESSED** OWNED OPERATING PROPERTY - **REAL ESTATE**

This chart is for owned real estate included on the balance sheet and is state assessed. Use page 11 for locally assessed property.
List all Colorado operating property (real, not personal) held in fee.

FACILITY NAME, ADDRESS AND/OR LEGAL DESCRIPTION	DATE PURCHASED	PRICE	DEPRECIATED VALUE
	TOTAL COUNTY		

SCHEDULE OF **STATE ASSESSED** LEASED OPERATING PROPERTY - **REAL ESTATE**

List all Colorado operating property (real, not personal) held in fee by another interest. Indicate if the lessor is a related party.

ADDRESS / LESSOR NAME	DESCRIPTION	NET BOOK VALUE*	ANNUAL PAYMENT	LEASE INCEPTION DATE	LEASE EXPIRATION DATE
	TOTAL COUNTY				

Attach additional sheets as necessary.
* Net book value required only if leased property is included on balance sheet.

(Reporting Company Name)

COUNTY NAME -- (Use a Separate Sheet for Each County)

SCHEDULE OF **LOCALLY ASSESSED** OWNED OPERATING PROPERTY **- REAL ESTATE**

List all Colorado operating property (real, not personal) held in fee and locally assessed. Indicate the county parcel identification number and/or schedule number. Include what is reported on Page 4 (Balance Sheet) and deducted on Page 7.

FACILITY NAME / ADDRESS	LEGAL DESCRIPTION/SCHEDULE NO.	NET BOOK VALUE

SCHEDULE OF **LOCALLY ASSESSED** LEASED OPERATING PROPERTY **- REAL ESTATE**
LEASED FROM OTHERS, TAXED TO OWNER

List all Colorado operating property that is leased and locally assessed. Indicate the county parcel identification number and/or schedule number. Include what is reported on Page 4 (Balance Sheet).

LESSOR NAME / ADDRESS	DESCRIPTION	LEASE INCEPTION DATE	LEASE EXPIRATION DATE

Attach additional sheets as necessary.

(Reporting Company Name)

COUNTY NAME -- (Use a Separate Sheet for Each County)

NON-OPERATING PROPERTY LEASED TO OTHERS - OWNED BY YOU

Capitalized leases are entered on the balance sheet. This page is for operating leases only.

FACILITY NAME / ADDRESS	LEGAL DESCRIPTION/SCHEDULE NO.	ASSESSED VALUE

(Reporting Company Name)

SCHEDULE OF **STATE ASSESSED** POSSESSORY INTEREST PROPERTY

Under the "unit value" concept set forth in Colorado statute 39-4-102(1), C.R.S., public utility companies must list all property that is owned, leased, or used in the operation of the public utility in Colorado. Possessory interests in government property used in a revenue-generating capacity are considered property for the purpose of arriving at the Colorado portion for the public utility company. Possessory interests are defined as private property interests on government property that has been granted under lease, permit, license, concession, contract, or other agreement.

Please list all government agreements granting the use of their property in the section below. Government property includes all federal, state, local government property and subdivisions thereof. Lease Inception Date and Lease Expiration Date refer to the current term of the lease and do not include any renewal option time periods.

LESSOR NAME	COLORADO COUNTY	DESCRIPTION	ANNUAL PAYMENT	LEASE * INCEPTION DATE	LEASE * EXPIRATION DATE

Attach additional sheets as necessary.

*- Lease refers to lease, permit, license, concession, contract, or other agreement.

REPORTING OF NEW CONSTRUCTION COSTS BY PUBLIC UTILITY COMPANIES

Why Reporting of New Construction Costs is Important

New construction plays an important role in both the 5.5 percent property tax limit and the TABOR local growth calculation. New construction also plays a key role in determining the target percentage used in the residential assessment rate calculation.

Section 20 of article X of the Colorado Constitution **(TABOR)** places several limits on the budgets of local and state governments. Two of these limits, the local government fiscal year spending limit and the property tax revenue limit, require the calculation of "local growth." For non-school taxing entities, "local growth" is the percentage change in the actual value of real property resulting from taxable new construction and other additions minus taxable destroyed property and other deletions. Most local taxing entities, other than school districts and home rule municipalities, are also subject to a statutory limitation found in § 29-1-301, C.R.S. This restriction, called the **5.5 percent property tax revenue limitation**, is similar in concept to the TABOR property tax limit, but it is calculated using a different set of data. If you have additional questions regarding how new construction is incorporated into TABOR or the 5.5 percent revenue limit calculation, please contact the Administrative Resources Section of the Division of Property Taxation at (303)866-2371.

What Constitutes New Construction Costs to be Reported in the Annual Statement of Property?

New construction is defined as the installed net book value of <u>all</u> real and personal property put into service as operating property during the preceding calendar year up to and including December 31.

New construction includes:

- The installed net book value of all property <u>first</u> put into service as operating property as of January 1 of the current assessment year.
- New construction also includes remodels and additions to either real or personal property, provided the remodel or addition costs are capitalized and reported as operating property.

The new construction calculation certified to the counties is affected by economic obsolescence present in the overall operating property. The final calculation is on the first two pages of the final Notice of Valuation (NOV) received annually from the Division of Property Taxation. The new construction value may be zero (0) if it is determined that new personal property was not associated with new real property. In summary, we ask that you report all new construction even though you know or believe there is no associated real property.

Pipelines and electrical transmission systems often span several counties. The pipelines and electrical lines themselves are personal property, but the system might also include real property structures. When a newly constructed system spans several Colorado counties, and it includes a new structure(s) constructed in at least one of the counties, the associated new personal property is itself new construction and shall be apportioned to all counties wherein the property is located. New construction costs that are accrued annually for a multi-year construction, e.g. a power generation facility, should <u>not</u> be reported until the entire project goes into operation. At that time, the <u>full amount</u> of new construction value assigned to the project should be reported as new construction.

How should New Construction Costs be Reported on the Annual Statement of Property (ASOP)?

Each year, new construction costs must be reported <u>for each county</u> in the New Construction section located at the end of the ASOP. Shown on the next page is the section of the ASOP where new construction costs must be reported.

All costs reported must be on a <u>net book value</u> (NBV) basis based on the books and records of the company. Attach additional sheets if necessary.

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(Reporting Company Name)

SCHEDULE OF NEW CONSTRUCTION AND ASSOCIATED NEW PERSONAL PROPERTY
NEW CONSTRUCTION INFORMATION WILL NOT INCREASE YOUR ASSESSED VALUE.

Newly constructed real property is the net book value (NBV) of any new structure, remodels and additions completed in calendar year 2007. It does not include repairs or general maintenance of existing facilities, or the purchase of existing real property
New personal property is the net book value (NBV) of new personal property associated with the newly constructed real property, and placed in service in calendar year 2007.
Destroyed real property is the net book value (NBV) of real property destroyed in calendar year 2007.
Total NBV Jan/1/2007 is the beginning property basis before the new property additions during the year.

COUNTY NAME -- (Use a Separate Sheet for Each County)

REAL PROPERTY NEWLY CONSTRUCTED in 2007 DESCRIPTION	NEW REAL PROPERTY NET BOOK VALUE	**REAL PROPERTY DESTROYED in 2007** DESCRIPTION	DESTROYED REAL PROPERTY NET BOOK VALUE
TOTAL		TOTAL	

TOTAL NET BOOK VALUE OF COUNTY REAL PROPERTY AS OF JAN/1/2007 →

PERSONAL PROPERTY NEW ADDITIONS in 2007 DESCRIPTION	NEW PERSONAL PROPERTY NET BOOK VALUE
TOTAL	

TOTAL NET BOOK VALUE OF COUNTY PERSONAL PROPERTY AS OF JAN/1/2007 →

Attach additional sheets as necessary.

How Should the Distribution of New Construction Values Be Reported to Counties?

When distributing values to county assessors, the location(s) of the new construction real and associated personal property should be provided. Ideally, the location of this property will come in the form of the legal description or situs address of the new property. If it is located at more than one site, please provide a distribution for each location. Providing this information enables the assessor to certify the new construction to the correct taxing entities, and it allows those entities to receive the benefit of the new construction growth allowed under TABOR and the 5.5 percent limitation.

The existence of significant new construction will generally result in a change to the percentage distribution of the overall value. The overall value distributed to the tax areas or taxing entities in which new construction is located cannot be lower than the new construction value itself.